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TENTH ANNUAL REPORT
OF THE
DIRECTORS
OF THE
Vermont Central Railroad Co.
TO THE
STOCKHOLDERS,
PRESENTED AT THE
ANNUAL MEETING
OCT. 31, 1855.

PRINTED BY ORDER OF THE CORPORATION.

MONTPELIER:
H. P. WALTON, JR., PRINTER.
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DIRECTORS' REPORT.

THE business of operating the Vermont Central and Vermont and Canada Railroads having been entirely performed since July 1, 1852, by the Trustees of the First Mortgage Bonds, into whose hands it had been surrendered by the Directors of the Stockholders, a full Report of which is hereto appended, the duties of your Directors for the year last past were limited to preserving the organization of the Company, protecting its franchise and property, and procuring a statement of accounts from the Trustees. During the past year the attention of the Board has been directed to the following subjects, all of interest to the Stockholders, viz:

Organization of the Company:

Over issue of stock:

Financial Condition:

Condition of Road:

Trustees' Accounts:

Failure of Trustees to pay Rent, and Surrender of Road to Vermont and Canada Company:

Claim of Central against Canada Company on Construction Account:

Law Suits:

Consolidation.

ORGANIZATION.

The Board organized on the 20th September. The vote passed by the preceding Board, by which G. W. GORDON, Esq., was appointed Transfer Clerk, was rescinded, and the Transfer Books were restored to the office of the Vermont Central.

The Treasurer's office was removed from New York back to Boston, and the resignation of the Treasurer, J. N. PERKINS, Esq., having been tendered, to take effect on September 23d, was accepted.

At the last meeting of the Legislature of Vermont an act was passed, requiring the Treasurers of all Railroad Corporations to reside in the State. Although not supposing this act would apply to this Company, under its charter, yet out of respect to the State of Vermont, the Directors appointed a Treasurer to reside at Northfield, and a Transfer Agent to keep an office in Boston for the accommodation of the Stockholders who principally transact their business in that place.

OVER ISSUE.

A communication from several stockholders, protesting against the assumption of stock unlawfully issued, together with the votes passed at the last stockholders' meeting, were referred to counsel, who reported, that in their opinion the Corporation and Board of Directors have no power to recognize the over issued stock; that the laws of Vermont absolutely prohibit the Corporation from issuing shares at less consideration than the par value, without the written consent of all the

Stockholders. The Directors were therefore advised that the more prudent course was, not to recognize this over issue as valid stock, but to hold the same in suspense, until the decision of the Courts, in cases in other States somewhat similar, had been made known, or until some action should be had by the Legislature on the subject. The Directors authorized the Transfer by the President and Treasurer of such stock only as in the opinion of counsel was good and valid.

Skillful accountants were employed to examine the Stock Ledger and Transfer Book, and after great labor, it was fully ascertained to whose account the over issued stock had been finally transferred.

The over issue amounts to 10,321 shares.

FINANCIAL CONDITION.

The present Board, after ascertaining the condition of the Company's affairs, have had little or nothing to do with either receiving or paying money ;—no transactions relating to the Treasury department having transpired, excepting the transfer of a few shares of stock, and the occasional notice from the holders of collaterals belonging to the Company, that as their notes had not been paid they intended to make sale of the securities pledged to them.

The Investigating Committee, appointed in May, 1852, after stating in great detail all the financial operations of the Company from the commencement, reported that on the 1st of July, 1853, they were as follows, viz :

Dr.	BALANCE SHEET	from
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Permanent Investment.				
Construction—				
Engineering,	\$115,208.00			
Land Damages,	410,372.39			
Grading,	1,799,909.54			
Superstructure,	84,661.59			
Bridging and Masonry,	814,326.23			
Feeding,	42,678.88			
Iron,	897,665.49			
Incidentals of Construction,	1,459,988.84			
Wharf at Burlington,	46,808.18			
Incidental expenses,	42,640.86			
Interest,	763,937.68			
Discount on Bonds,	528,856.18			
Depots,	185,155.81			
Shop Furniture,	14,646.98			
Car Shop,	6,654.80			
Burnettizing Ties,	42,464.46	7,255,896	24	
Equipment—				
Engines,	334,635.52	801,630	68	
Cars,	466,995.16	14,754	13	8,072,281 05
Tenements—				
Resources.				
Cash,		35,496	38	
Notes receivable,	{ \$37,702.74 { valued at	13,851	37	
Stocks, {	(Estimated at present value.)			
1846 Shares Vermont Central R. R.	33,328			
1150 " Grand Junction "	59,890			
135 " Vermont Valley, "				
120 " " Telegraph		93,028		
Estate of S. F. Belknap—				
Claim on Ogdensburg R. R.	40,000			
500 shares Grand Junction R. R.,	26,750	66,750		
Estate of Josiah Quincy, jr.:				
847 shares Vermont Central,	15,246			
South shore R. R. Bonds at 80 c.,	72,320			
Sundry Mortgages,	15,000	102,566		313,691 75
29 shares Hingham steamboat.				
Miscellaneous.				
Vermont and Canada Railroad,	2,098.95			
Assessments unpaid,	26,305.00			
Profit and Loss,	31,574.85			
Trustees 1st Mortgage Bonds,	96,632.37			160,060 68
James Moore, Superintendent,	3,499.51			
2d Mortgage Bonds, not issued. \$475,700.				8,544,033 48

the

TREASURER'S LEDGER,

Cr.

Funded Debt.

Capital Stock,	5,000,000		
1st Mortgage Bonds,	2,000,000		
2d " "	1,024,300	8,024,300	

Liabilities.

Bonds due in 1852 & 1856,	225,400		
In't on assessm'ts { Payable in { Bonds of 1856,	26,606 91		
Coupons, { due July 1, 1853, 43,880.00			
Individual acct's, 1,534.70	45,414 70		

Notes payable—

Due on demand,	20,000.00		
July, 1853,	3,300.00		
Aug. "	32 328 47		
Sept. "	39,856.13		
Oct. "	12,506.29		
Nov. "	45,786.77		
Dec. "	5,091.00		
Jan. 1854,	18,770.75		
Feb. "	11,319 00		
March "	5 000.00		
April "	19,000.00		
June "	8,244 41	214,244 41	511,666 02

Suspense,

8,067 46

\$8,544,033 48

By which it appeared that the Floating Debt consisted of—

Coupons due July 1, 1853,	\$43,880 00
Individual accounts,	1,534 70
Notes payable,	214,224 41
	<hr/>
	\$259,639 11

The Company's Resources consisted of

Notes receivable, \$27,702 74,	
valued at	\$13,851 37
Stocks valued at	93,028 00
Belknap securities,	66,750 00
J. Quincy's estate,	102,566 00
Cash,	35,496 38
	<hr/>
	\$313,691 75

2d Mortgage Bonds on hand not sold	
amounted to	\$475,700 00

<p>Your Directors found on examination of the Book in September, 1854, that of the Company's Resources of July 1, 1853, valued at</p> <p>there had been realized in cash,</p> <p>and by sale of 2d Mort. Bonds,</p>	<p>\$313,691 75</p> <p>218,221 66</p> <p>81,385 91</p> <hr/> <p>\$299,607 57</p>
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<p>Of the Liabilities of July 1, 1853,</p> <p>amounting to</p> <p>there had been paid—</p>	<p>\$511,666 02</p>
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Bonds due in 1852 and 1856,	15,300 00
Interest on assessments,	2,267 72
Coupons due July 1, 1853,	43,834 50
Notes payable,	197,880 91
	<hr/>
	\$259,283 13

Resources of July 1, 1853, remaining on hand—

Notes receivable,	7,401 39	
Vermont Central stock,	34,686 00	
Grand Junction stock,	54,60 00	
Vermont and Canada,	9 49	
Assessments unpaid,	24,585 00	
Superintendent's accounts,	308 75	
		<hr/>
		\$121,590 63

2d Mort. Bonds unsold, \$364,300 00

The Vermont Central and Grand Junction Stock and \$342,700 of Second Mortgage Bonds had been pledged as collateral, leaving \$21,600 unissued.

NOTES PAYABLE, SEPT. 30th, 1854 :

WHEN DUE.		AMOUNT.	COLLATERAL.
On demand,	W. R. Lee, ag't of Tr's,	39,445 00	\$30,000 2d Mort Bonds.
	J. W. Clark & Co.	46,423 50	3,500 sh. Ogdens's sto'k.
	" "	28,423 40	50,000 2d Mort. Bonds.
	J. S. Eldridge,	54,586 38	} 59,000 2d Mort. Bonds, 1,150 shares Gr. Junc.
	H. M. Holbrook,	56,707 64	
	J. N. Perkins,	2,650 00	84,000 2d Mort. Bonds.
	E. P. Walton,	517 64	
1853.			
December	J. W. White, cash,	5,000 00	10,000 2d Mort. Bonds.
1854.			
January,	J. B. Congdon,	3,119 50	4,000 " "
March,	Edw. Crane,	5,000 00	10,000 " "
April 9,	Edw. Crane,	4,000 00	7,000 " "
	26, O. Bradley,	2,100 00	
	26, F. Ripley, cash,	5,000 00	7,100 " "
May 4,	C. C. Little,	5,000 00	10,000 " "
	5, Grand Junction,	5,113 47	
	6, Wm. Rogers,	2,852 64	
June 3,	Wm. Rogers,	2,742 94	
	21, Mathew Bolles,	4,000 00	8,000 " "
	25, P. P. F. Degrand,	8,244 00	12,000 " "
	28, John Crombie,	1,010 86	
July 6,	Mathew Bolles,	2,500 00	5,000 " "
	7, S. Brown,	6,000 00	10,000 " "
	13, O. H. Booth,	741 27	
Aug. 21,	Geo. Gregerson,	1,500 00	3,000 " "
1855.			
April 1,	Harris & Morrill,	3,000 00	8,000 " "
	J. S. Moore,	1,250 00	2,500 " "
	Isaac Babbitt,	2,213 80	
		<hr/>	<hr/>
		\$290,200 44	349,800 " "

The changes in Notes payable from Sept. 30, 1854, to July 1, 1855, have arisen from sale of some of the collaterals, and by charges in Trustees' accounts as rendered to July 1, 1855, viz:

W. R. Lee, agent,	\$30,415 00	30,415 00	is charged in Trustees' act's.
J. S. Eldridge,	54,586 00	25,000 00	" "
J. N. Perkins,	2 650 00	900 00	" "
Edw. Crane,	4,000 00	4,000 00	" "
Wm. Rogers,	2,852 64	2,852 64	" "
Wm. Rogers,	2,742 94	2,742 94	" "
E. P. Walton,	517 64	517 64	" "
F. Ripley, cash, ,	5,000 00	1,568 00	{ endorsed proceeds of col- laterals sold.
J. W. Clark,	46,482 50	38,938 00	{ endorsed proceeds of 3,569 shares Ogdensburgh stock.
J. W. Clark,	28,423 40	3,500 00	{ endorsed by sale of 100 sh. Gr. Junction R. R stock.

BALANCE SHEET,

Assets.			
Road and Equipment—			
Construction,	\$7,438 565 87		
Equipment,	948,557 22		
Tenements,	14,931 83		
		8,402,054	92
Resources—			
Cash to pay Coupons,	771 57		
Notes Receivable,	7,401 39		
Vermont Central Stock,	34 686 00		
Grand Junction “	54,600 00		
Assessments unpaid,	24,585 00		
Superintendent's account,	308 75		
Ogdensburg Railroad Co.,	16.447 62		
Rutland and Burlington,	5,000 00		
Edward Crane,	21,423 40		
J. S. Eldridge,	3 533 90		
Sundry accounts,	4.968 47		
Materials— fuel, oil, &c.	104,159 93		
		277,886	90
Profit and Loss,		472,516	81
\$364,300 2d Mortgage Bonds unsold.			
		9,152,458	63

JULY 1, 1855.

Liabilities.

Funded Debt—

Capital Stock,	\$5,000,000 00	
First Mortgage Bonds,	2,000,000 00	
Second " "	1,135,700 00	
	<u> </u>	8,135,700 00

Floating Debt—

Bonds due, 1852 and 1856,	210,100	00
Int. dividends unpaid,	24,339	19
Coupons unpaid,	283,975	50
Notes payable,	180,445	22
Trustees' Debts,	201,931	68
Suspense,	8,096	53
Vermont and Canada rent,	107,870	51
	<hr/>	<hr/>
	1,016,758	63

9,152,458.63

CONDITION OF ROAD.

During the past three years there has been expended on the Road, besides the ordinary repairs, \$546,993 45.

1st year Company expended—on the Road	\$193,478 16
“ Equipment,	61,096 45
2d year “ “ on Road,	68 909 69
“ Equipment,	35,329 80
3d year Trustees expended—on Road,	71,582 61
“ Equipment,	111,596 74
	<hr/>
	\$546,993 45

The Road is in better condition than it has been for many years, and with the exception of some sleepers on the Canada Road, which require to be renewed next year, and a small amount of new iron, the Road is in better condition than it was when it was first opened. By the term better, is meant, it will require less amount to be expended on it during an equal period of time to come than it has required since it was first used. It has recently been stated by some writers of undoubted experience and science, that large amounts, never before anticipated or imagined, will be required to cover a new account in Railroad matters, termed *Depreciation*, and many holders of Railroad securities have become alarmed at this new phantom. It is said that even in our

best managed Roads, the ordinary charge for repairs does not cover depreciation, and it is stoutly asserted that a new rail with new sleepers and new spikes and chairs laid down on an old road, is not a renewal which renders it as good as new. We think otherwise. In many particulars an old road is far better, that is, requiring less expenditure, than a new one. The road bed has become settled, the defects remedied, the bridges, with the exception of the perishable part, have come to their bearings, and all those innumerable wants for the accommodation of the business, which can only be ascertained by the daily operation of the traffic, have been supplied, such as stations, side tracks, supply of water, protection from snow, and the action of frosts, drainage, &c. A new road is like a new house or new ship, most generally put into use before being finished, as all expenditures not absolutely necessary to get it started are avoided, trusting to having them furnished as occasion may require out of something, and charged subsequently to something, without knowing what. Now it would be a great mistake, in our judgment, to charge all this to Depreciation, as if it was to be a constant and never ending source of expense. It is true that for several years last past the demand for renewal of Iron Rails has been very great; far the greatest item of expense which Railroads have had to encounter. But before condemning all railroad property on this account, let us examine the cause which produces this great evil. Railroads, in this portion of the country at least, have had the serious obstacle of heavy grades to

overcome, and for the sake of saving the expense of grading, the projectors, have endeavored to meet the difficulty by increasing the weight of the Locomotive Engines; and the mistaken and destructive notion has crept into such general use on almost all Railroads, that every new Engine ordered must be a little larger and a little heavier than any preceding one. The consequence is that they have now exceeded the maximum which iron as a metal is capable of enduring without crushing. This is the case even where the iron is of the quality best adapted for the purpose, but more especially so, where a poor quality of iron has been used, because obtained at a reduced cost.

It is in railroads as on common roads: the component parts should bear a just proportion one to the other. If the load is too great for the road, or the wagon, or the horse, the weak part must yield, and proper economy is not maintained. When an evil is discovered, so easily remedied, a moderate expenditure of common sense will produce a beneficial change, without the necessity of abandoning the whole system of Railroads.

Because Railroad property is not as profitable as stockholders may wish, or have a right to expect, the whole deficiency should not be charged to Depreciation. Is not a more serious difficulty to be found in the charge called *Competition*, which renders it difficult to obtain a fair remunerative price for the business? Is it not the old leaven of stage coach jockeyism, by which one line seeks to drive off a rival line by reducing its fares, that is undermining our Railroad property, and reducing the

receipts so low that the necessary repairs of a road are often neglected in order to make a good showing of income to Stockholders. Such ought not to be the case. No one is benefited. The producer and consumer will always pay the fair cost of transportation, and if Railroads do not get it, it is their own fault. If merchandise was carried for *nothing*, the price of the article might possibly be reduced, though doubtful, but the *profit* to the merchant or trader, who negotiates between the producer and consumer, and without whose agency neither could benefit, would be the same. A barrel of flour, retailing at Boston for \$12 00, has been transported from Ogdensburgh, a distance of four hundred miles, for fifty cents, while the cartman was getting twenty-five cents, half as much as the Railroad received, for conveying it from the warehouse of the merchant to the dwelling of the consumer, a distance seldom exceeding one mile—a disproportion entirely unnecessary.

If parties interested in the success of some roads, would give less attention to the politics of the management and the diplomacy by which one party is put in office and another put out of office, for the sake of the emoluments obtainable by success, and give all their energies and wisdom to the prompt and efficient transaction of the business relations of the road, a far better result would be obtained for the suffering stockholders, who are deprived of their just reward for their enterprise in projecting and building works of such usefulness to the community.

The following items form the *increase* of Profit and Loss account from July, 1853, (\$31,504 85) to July, 1855. (\$441,011 96.)

- \$1,194 50 charged off on forfeited Vermont Central stock to reduce it to the same value as the balance of stock.
- 12,975 00 charged off on Grand Junction stock for same reason.
- 681 00 charged off to balance Belknap's and Quincy's accounts, the proceeds of these falling short of the estimated value.
- 5,192 48 charged off on note of J. W. Seymour for \$1650, and for note of H. R. Campbell for \$8,734 96, given up in offset of claims against the Company. These notes were valued in July, 1853, at \$5,192 48.
- 2,239 10 was charged off, allowances on freight, valued in July, 1853.
- 32,928 50 charged off as loss on purchase of 3,509 shares Ogdensburgh stock.
- 23,641 54 was a loss on a lot of rails sold on account of Trustees.
- 362,159 71 is the accumulation of rent and coupon interest unpaid but due July 1, 1855.

\$441,011 96.

TRUSTEES' ACCOUNTS.

The details of the Trustees' accounts will be found appended to this Report.

The result of the business of the road for three years ending July 1, 1855, is viz :

	EARNINGS.	EXPENSES.
1st year,	\$678,438 67	429,865 42
2d "	797,010 74	628,281 31
3d "	722,326 01	569,324 65
	<hr/>	<hr/>
	\$2,197,775 42	1,627,471 38

Net earnings for three years, \$570,304 04.

There has been expended, in addition to the amount charged for expenses in the third year, a large sum for new equipment and iron, which is not in the above statement. As such charges have not heretofore been made, a fair comparison with former years could not be had without making the deduction.

FAILURE OF TRUSTEES TO PAY RENT, AND SURRENDER TO VERMONT AND CANADA.

Your Directors deem it proper to give you a history of the proceedings, which have resulted in a transfer of the property to the Vermont and Canada from the possession of the Trustees of the First Mortgage Bonds.

The Stockholders are doubtless familiar with the lease of the Vermont and Canada Railroad to the Vermont Central. By its provisions the Vermont and Canada is leased to the Vermont Central for a period of fifty years, at an annual rent of eight per cent. on the cost of the Vermont and Canada, payable semi-annually on the 1st of June and December. The cost of the

Vermont and Canada to the present time has been \$1,350,000, which constitutes its present capital, and the amount due annually is \$108,000, together with the necessary expenses of keeping up the legal organization of the Company.

Among the provisions of the lease, there is the following:

"If at any time or times before the said Vermont and Canada Railroad shall be purchased as mentioned, or provided for by the aforesaid articles, the rent therein reserved should be and remain in arrear and unpaid for the space of four months after the same shall be payable, it shall be lawful for the said Vermont and Canada to enter or take possession of, and use and run, not only the Vermont and Canada, but also the Vermont Central Railroad, together with all lands, depots and other property, rights and privileges, then owned and enjoyed by each of the aforesaid companies, and used in connection with, or for the purpose of, running or working each of said Railroads. And having thus entered, it shall be lawful for said Vermont and Canada Company to receive all tolls, fares and other lawful income receivable for the use of said roads, and after paying therefrom all reasonable expenses of running and working said roads and of making all such repairs of each of the said roads, or any buildings or structures connected therewith, or used therefor, and also the cost of all engines, cars and other furniture as may be found necessary during the term or terms such roads shall be so worked and run as last aforesaid, the said Vermont and Canada Company shall apply the residue of its said receipts, in and toward the payment of all rent then in arrear and unpaid, whether the same became payable before or during the time while so in possession as last aforesaid; and when and

“as soon as the same shall be paid in full by means of the net receipts aforesaid, or by the Vermont Central Railroad Company, then notice thereof shall be given by the said Vermont and Canada Company to the Vermont Central Company, and thereupon, or without such notice, the last named Company shall have the right, and it shall be its duty, to resume possession and control of both said Railroads, and in the same manner, and with the same duties, as before such entry by the Vermont and Canada Company.”

The semi-annual rent due on the 1st of December, 1854, was not paid at that time, and remained unpaid for the space of four months after that date, by reason of which the Vermont and Canada Company claimed that a right had accrued to them to take possession under the above recited clause of the lease.

On the 26th March, 1855, the following communication was received by your Directors from the Directors of the Vermont and Canada Company :

OFFICE OF THE VT. AND CANADA R. R. CO., }
Boston, March 26th, 1855. }

GEORGE M. DEXTER, ESQ., *President of the Vermont Central Railroad Company :*

SIR :

I am instructed by the Directors of the Vermont and Canada Railroad Company to transmit to your Board of Directors the following Votes, passed by the Directors of the said Vermont and Canada, this day, to wit :

“ *Voted*, That the Directors of the Vermont Central Railroad Company be, and they are hereby, requested to pay to the Vermont and Canada Railroad Company the rent or interest long

since due and unpaid from the Vermont Central Railroad Company, and that, in default of such payment on or before first day of April next, the Vermont Central Railroad Company will surrender the possession of the Vermont and Canada and Vermont Central Railroads to the Vermont and Canada Railroad Company, together with all the personal property now in possession of the Trustees of the First Mortgage, agreeably to the stipulations contained in the Indenture of Lease and Mortgage, entered into between the Vermont Central and Vermont and Canada Railroad Companies.

"Voted, That the Clerk be directed to give to the President of the Vermont Central Railroad Company a copy of the foregoing Vote, and request an answer."

I am also instructed to transmit to your Board the following additional Votes, passed at the same meeting, to wit :

"Voted, That Lawrence Brainerd, Charles O. Whitmore, and George M. Dexter, Esquires, be a committee with full power to act in behalf of the Vermont and Canada Railroad Company, in relation to obtaining possession of the Vermont and Canada and the Vermont Central Railroads, in case the rent or interest due from the Vermont Central Railroad Company shall not be paid on or before the first day of April, 1855, and the said Committee are hereby directed and instructed to adopt and pursue all and every legal remedy to collect said rent, and to obtain possession of said roads, together with the equipment, agreeably to the provisions and stipulations contained in the Indenture of Lease and Mortgage, made and executed by the said Vermont and Canada and Vermont Central Corporations.

"Voted, That the Clerk be instructed to send a copy of this Vote to the President of the Vermont Central Railroad Company, and to the Trustees of the First Mortgage Bonds."

The early answer of your Board is respectfully requested to the first vote.

I am,

Very respectfully, &c.

(Signed,)

J. GREGORY SMITH,

*Clerk of the Vermont and Canada
Railroad Company.*

The above communication was referred to a Committee of your Board, consisting of Messrs. Whitmore, Howe, Cheney and Dexter, who subsequently submitted to the Board the following Report on the subject :

The Committee, to whom was referred the votes of the Directors of the Vermont and Canada Railroad Company, touching the payment of the rent or interest due to said Company from the Vermont Central Railroad Company, and the surrender of the possession of the Vermont Central and Vermont and Canada Railroads to the Vermont and Canada Railroad Company, in case the rent or interest now due shall not be paid on or before the 1st day of April next, Report, that they have had the subject under consideration, and regard it as one of vital importance to all the parties interested in the future prosperity of the line of railroads leading from Ogdensburgh and Montreal over the Vermont Central to Boston.

While the Ogdensburgh Railroad and the Vermont Central were in process of construction, and while the project of extending the Champlain and St. Lawrence Railroad from St. Johns to Rouse's Point was in contemplation, it became a matter of great interest to have a railroad from Rouse's Point to connect with the Central at Burlington, the terminus of that road, or some point east of Burlington.

In 1845 an application was accordingly made to the Legislature of Vermont, and an act was passed incorporating the Vermont and Canada Railroad Company, the object of which was to afford a means of connection between the Vermont Central and the Rutland and Burlington Railroads, on the one hand, and the Ogdensburgh and Champlain and St. Lawrence Railroads on the other. After repeated efforts by the Directors of the Vermont and Canada Railroad Company, it was found impossible to procure the stock of the Vermont and Canada to be taken in the usual mode. With a view therefore to the speedy construction of the Vermont and Canada road, and the completion of the connecting link between the above named roads, the Vermont Central Railroad Company, deeming it all important for their interests that said road should be built, proposed to take a lease of the Vermont and Canada Railroad at a rent equal to eight per cent. on the cost of construction of said road, payable semi-annually, and secure the payment of said rent or interest by a mortgage of their road, and all its equipments and personal property, with a provision in said lease and mortgage that on failure to pay said rent the Vermont and Canada Railroad Company should be authorized, after the time limited in said indenture, to enter and take immediate possession of both the said Vermont and Canada and the Vermont Central Railroads, and their equipment, and hold the same until all rent in arrear should be fully paid, and the Vermont and Canada be reimbursed for all expenditures in the purchase of equipment, repairs, &c.

This proposal of the Vermont Central was favorably entertained by the Vermont and Canada Company, and at a subsequent period an indenture of lease and mortgage was accordingly entered into between the Vermont Central and Vermont and Canada roads, thereby guaranteeing the payment of the rent aforesaid and securing to the Vermont and Canada the

right of immediate entry upon both roads in case of the non-payment of said rent agreeably to the stipulations of said indenture.

Upon the strength and faith of said indenture, the Vermont and Canada entered upon and completed the construction of their road, and the Vermont Central took possession of the same, and have since held the possession, by themselves or their agents.

At a subsequent period, the Vermont Central Railroad Company executed another mortgage of their road and equipment to secure the sum of two millions of dollars, which said mortgage was *in terms* made subject to the mortgage of the Vermont and Canada Railroad Company. At a later period, the Vermont Central Company made a voluntary surrender of the possession of said road, and equipment to the Trustees named in the last mentioned mortgage, and said Trustees took possession under said deed of surrender upon the express condition that the same should be held by them subject to all the rights of the Vermont and Canada road.

On the first day of December, 1854, the semi-annual rent, amounting to fifty-five thousand dollars, became due and payable to the Vermont and Canada Company, which said sum was not paid by the Vermont Central nor by the Trustees in possession, and will no doubt remain due and unpaid on the 1st day of April next, at which time, the rent still remaining unpaid, the Vermont and Canada Company would have the undoubted right, under the indenture aforesaid, to the immediate and peaceable possession of both the Vermont Central and Vermont and Canada roads, together with all the equipment and personal property, held by said Trustees by virtue of the deed of surrender aforesaid.

A refusal on the part of the Vermont Central Corporation, or of the Trustees, to pay the rent on the first day of April next,

or on failure thereof, to throw any obstacles in the way of the Vermont and Canada Company's immediate and peaceable possession of said roads, would, in the opinion of your Committee, be attended with most disastrous consequences as well to the stockholders as to the mortgagees and other creditors of the Central Company, inasmuch as such refusal, or obstacle, would, in the opinion of your Committee, clearly work a forfeiture of said indenture of lease, on the part of the Vermont Central Company, and the advantages and facilities which have thus, by virtue of said lease, been secured to the Vermont Central Company at so much cost and expense, would be certainly lost and defeated, and the Vermont and Canada, absolved from all its obligations to the Vermont Central, would be left to its option either to pursue its legal remedies to enforce the payment of its rent in arrear, by attachment or sequestration of all the personal property belonging to the Vermont Central and Trustees, or by declaring the entire lease forfeited and annulled, or to pursue, both of said courses, as they might deem most for their interest.

It has ever been held by the managers of the Vermont Central Company, a matter of vital importance that the lease of Vermont and Canada should not in any way be disturbed, and your Committee find, in the last annual report, made by John S. Eldridge, Esq., one of the Trustees now in possession of both roads, the following remarks:

" VERMONT AND CANADA LEASE.

" Thus far the eight per cent. dividends on the Vermont and Canada Railroad have been promptly paid, and the terms and conditions of the lease have been fully complied with by this company. It is of vital importance that the covenants between these corporations should be observed with the strictest fidelity and good faith, as any distrust, or the slightest violation of them by either party, might prove disastrous to their mutual welfare and prosperity."

In this opinion your Committee fully concur, and would add, that the control of the Vermont and Canada by the Vermont Central, as a means of securing the through business by an uninterrupted communication from Boston to Ogdensburgh, should, and ought to be maintained, if possible, and at all hazards.

Your Committee see no reason why all the arguments and inducements which operated at the time of making said lease do not obtain now; but on the contrary, your Committee feel that each year's experience of the Vermont Central Company only establishes with greatly increased force and weight the soundness of the views then entertained, and the growing and increasing necessity on their part to maintain and foster the connection and friendly relations with the Vermont and Canada Company.

Your Committee would here refer to the clause in the charter of the Vermont and Canada Company, requiring them within a time limited in their charter to connect with the Rutland and Burlington Company, at the village of Burlington. The obligation thus to connect with the Rutland and Burlington road is still of binding force upon the Vermont and Canada, and within the prescribed period that connection must be made. With this connection built and once in operation, and the Vermont and Canada absolved from its obligations to the Vermont Central by a forfeiture from any cause of the lease, would it not clearly and manifestly be for the interest of the Vermont and Canada to maintain but one line, which should afford a double connection with the Vermont Central and Rutland and Burlington roads at the village of Burlington, and thus, as a matter for their own economy, discontinue entirely the connection with the Central at Essex Junction; thereby compelling the Central to encounter the impracticable grades on their road from Burlington to Essex, for all their freight from Canada

and the West, and at the same time increasing the distance to Boston over the Central by a number of miles. That the Vermont and Canada will, if they are not suffered to take immediate and peaceable possession of said roads under and by virtue of the stipulations of said lease, pursue all and every legal remedy which they may have against the Vermont Central Company, and those in possession under the authority of the Vermont Central, there can be no manner of doubt, however much they may regret the disastrous effects of such measures to the stockholders and creditors of the Vermont Central Company.

Whatever disasters may grow out of a failure to pay the rent, or refusal to surrender the speedy and peaceable possession of the road and property to the Vermont and Canada, which they are justly entitled to, there will be a most fearful responsibility resting on any party who may be the occasion of such disaster, and would indicate to your Committee a total disregard to all the best interests of the Vermont Central Railroad Company and its creditors.

Your Committee would suggest further, that they can see no objection to the surrender of said roads to the Vermont and Canada, on the part of the stockholders or any of the creditors of the Vermont Central, as, by the terms of the contract existing between the two Companies, the Vermont and Canada are held to a strict accountability for their management to the stockholders and creditors of the Central. Indeed, in the judgment of your Committee, these interests are safer and better protected in the hands of a Corporation, having a known solvency and unimpaired credit, than they can be in the hands of any board of Trustees.

In view of the foregoing considerations, your Committee would respectfully recommend the adoption of the following resolutions, to wit:

Resolved, That it is the opinion of this Board, that if the rent due to the Vermont and Canada Railroad Company shall remain due and unpaid after the first day of April next, the Vermont and Canada Railroad Company are justly and legally entitled to the possession of said Vermont and Canada and Vermont Central Railroads, together with all the trust property, upon such conditions as will secure the lien of the Trustees of the First Mortgage Bondholders upon said property for the payment and fulfillment of all legal obligations and liabilities against said Trustees, or either one of them, growing out of or in any way connected with the management of said property or in the execution of said trust, and also as will secure the lien of the Trustees in that capacity, on the personal property, for the benefit of the First Mortgage Bondholders, when the Vermont and Canada shall cease to have a right to hold the possession for the purposes specified in said indenture of lease and mortgage, or whenever the said Vermont and Canada shall, from any cause, choose to re-deliver, which they are hereby authorized to do, the said property into the hands of said Trustees; and the President and Treasurer, for and in behalf of the Vermont Central Railroad Company, are hereby authorized, and it shall be their duty, to do whatever they can legally do to give the Vermont and Canada Railroad Company the possession of said property on the 2d day of April next, in case the sum now due for rent to the Vermont and Canada Railroad Company shall not then be paid.

Resolved, That the Trustees of the first Mortgage Bondholders, now in possession of said property, be, and they are hereby respectfully requested, in consideration of the foregoing, to suffer the Vermont and Canada Railroad Company to take possession of said property on the 2d day of April next, unless the rent then due them shall on or before that day be paid, and thereby avoid a forfeiture of said lease.

Voted, That the Clerk be directed to deliver to the Trustees of the First Mortgage Bondholders, and to the President of the Vermont and Canada Railroad Company, a copy of the foregoing report and resolutions.

C. O. WHITMORE,	} <i>Committee.</i>
JABEZ C. HOWE,	
B. P. CHENEY,	
G. M. DEXTER,	

This report was adopted and the resolutions unanimously passed, and copies thereof were sent to the Directors of the Vermont and Canada Railroad Company, and to the Trustees of the Bondholders.

The Trustees refused to surrender possession of the property, and the Vermont and Canada Company instituted proceedings in the Court of Chancery for the State of Vermont, for the purpose of obtaining possession of the roads under the lease, and after several hearings and arguments of counsel, in behalf of Trustees and of the Vermont and Canada Company, the Court, on the 17th May, 1855, passed a decree, of which the following is a copy :

<i>The Vermont and Canada Railroad Co.</i>	} IN CHANCERY.
vs.	
<i>The Vermont Central Railroad Co. and</i>	
<i>John Smith, William Raymond Lee,</i>	
<i>and John S. Eldridge, Trustees.</i>	} Franklin Co.

The Orators in the above cause having filed their bill against the said defendants, and the same having been duly served upon said defendants, and also having filed a motion

for an injunction and for the appointment of a Receiver, as will appear by said motion in writing, and notice having been given said defendants that said motion would be heard before me at St. Albans, on the first day of May, 1855, and said Trustees having appeared agreeably to said notice, on motion of said Trustees, said hearing was continued until the 15th day of May, 1855, to be heard at the St. Johnsbury House in St. Johnsbury, in Caledonia County; and now, on the said 15th day of May, the Orators and said Trustees having appeared, and said Lee and Eldridge having filed their answer to the Orator's Bill, and the Orators having filed affidavits in support of matters charged in said Bill, and in answer to certain matters alledged in the Answer, and the said parties having been fully heard thereon :

It is now, thereupon, Ordered, That the said Smith, Lee and Eldridge, do allow the Orators to enter upon and take possession of the Vermont and Canada Railroad and said Vermont Central Railroad, together with all lands, depots, rights, and privileges and property, belonging or appertaining thereto, and also, of all engines, cars, machinery, tools, equipments, and any other personal property now in the possession of said Trustees, and used by them in connection with or for working said roads, or running or repairing the same, and also to allow said Orators to use and manage said Railroads, and run the same, and use the said property thereon, and to take and receive all tolls, fares, and other income, receivable upon or from said roads; and the said Smith, Lee and Eldridge are, each and all of them, hereby strictly commanded and enjoined not to molest, hinder, or oppose in any way, by themselves or their servants, the said Orators from taking possession of said roads or such other property, nor in any way to hinder or prevent the Orators from running said roads, and using said property thereon, or from making repairs of said roads and property, or receiv-

ing the tolls, fares and incomes of said roads ; and the said Smith, Lee and Eldridge, and all their agents, are also strictly commanded and enjoined not to run, work, use, or manage said roads, or use or meddle with the said personal property thereon, and not to take or receive any tolls, fares, or incomes, to be earned by or upon said roads, after the same shall be taken possession of by the Orators.

The above order is made upon the following conditions :

1st. That the said Orators shall execute to the said Trustees and file with the Clerk of the Court for their use and benefit and to be delivered to them, when ordered by the Chancellor, a good and sufficient bond, to be approved by John N. Pomeroy, Esquire, of Burlington, who is appointed special master for that purpose, in the sum of two hundred and fifty thousand dollars, conditioned that the Orators will assume and pay all the debts and liabilities incurred by said Trustees, or either of them, (and now outstanding,) in the execution of their said trusts, and to fully indemnify and save harmless said Trustees and each of them, against all loss, damage, cost, or expense, by reason of such debts or liabilities, and also to pay to said Trustees and each of them, any and all sums, all or either of them may have advanced out of his own monies in the execution of said trust, above and beyond Trust Funds, that have been, or may be received by said Trustees.

2d. That the said Orators shall execute to the said Trustees a further bond with good and sufficient securities, in the sum of fifty thousand dollars, to be approved by John N. Pomeroy, Esquire, aforesaid, and file the same with the Clerk, subject to the order of the Chancellor, conditioned that the Orators will use and manage said roads and all the other property so received by them, in a reasonable and proper manner, for the best interest of said roads and for the best profits therefrom, and that they will keep just and true accounts of all monies re

ceived by them from any income from said roads, and of all monies expended by them, that none of the monies received from the income of said roads shall be expended except to pay debts against said Trustees, or properly chargeable upon some of the property, so received by them, and requiring to be paid for the protection of the same, and for reasonable and proper expenses of running, taking care of, and repairing said roads and other property, or for providing other proper furniture and equipment upon said roads; and that any surplus of earnings of said roads, that may at any time be in the hands of the Orators, shall be paid over to such person or persons, as the Court may direct, and that they will render an account thereof at any time when ordered by the Court, and that they will surrender the said roads, and all the privileges and appurtenances thereof, and all other property thereon, to such person or persons, and at such time and in such manner, as the Court shall order.

And the possession of the Orators, of said roads, and of all said appurtenances, and other property, is at all times to be subject to the order of the Court, and all funds in their hands, arising from the earnings of said roads, are at all times to be subject to the order of this Court, and the Orators are at all times to render accounts thereof, when so ordered by said Court.

Given under my hand at St. Johnsbury, this 17th day of May, A. D. 1855.

(Signed,)

LUKE P. POLAND, *Chancellor.*

The Trustees had resisted mainly on two grounds:

The Trustees resisted mainly on two grounds—one, that the Vermont and Canada Company was indebted to the Vermont Central Company for advances and expenditures made in the construction of the road of the former, in the amount of \$252,-

000, which, it was claimed, was a legitimate set off to rent. The other—that the lease did not convey any of the personal property acquired subsequent to its date, July 9, 1850.

The Court overruled both of these objections, holding, that whatever might be the fact as to the alledged indebtedness of Vermont and Canada Company to Vermont Central Company, the Trustees could not derive any beneficial effects from it; the Vermont Central Company only had a legal claim upon it, and could collect it.

In regard to personal property, the Court held that the Vermont and Canada Company had an equitable lien upon all in existence, when the contingency, which gave them the right to enter upon and operate the Vermont Central, occurred.

Judge Poland's Decree enjoined the Trustees from resisting possession by the Vermont and Canada, and gave the Vermont and Canada right to take possession, they complying with the following requisitions:

1st. Assume and pay all liabilities and advances of Trustees growing out of the discharge of their duties, giving bonds in \$250,000 therefor.

2d. To operate the road prudently and to the best advantage, giving bonds in \$50,000 therefor.

3d. To appropriate the income to the payment of existing Trustee debts and running expenses.

4th. To pay over to persons appointed by the Court any surplus of earnings after discharging the obligations referred to under 3.

5th. To hold the property subject to the order of the Court.

The Vermont and Canada Company, having furnished the bonds required by the above decree, to the satisfaction of the Court, proceeded to take possession of the said roads and other property on the 2d July, 1855;

and since that time the roads have been run and managed by them, subject to the said decree, and the provisions of the lease.

We have given this somewhat particular history of this proceeding, for the information of the Stockholders and others, in order that they may fully understand the facts in this case.

Your Directors were of opinion that the preservation of this lease, whereby a proper control of the Northern and Western business was secured, was of vital importance to the Vermont Central. Such was known to have been the opinion of all the previous Boards of Directors of this Corporation, and of the original projectors of this enterprise, who had labored most zealously to procure and retain it; and such was the opinion of the Trustees, as declared in their Report of last year.

Under such circumstances, your Directors did not see fit to take the responsibility of refusing to surrender possession of the property a step which might, on the one hand, put at hazard the existence of the lease itself, by enabling the Vermont and Canada Railroad Company to declare it forfeited, and which, on the other hand, might seem like bad faith to those gentlemen who have advanced their money to build the Vermont and Canada Railroad, on the faith of this lease and the expressed promise and obligation on the part of the Vermont Central Company, that it should be preserved, so far at least as they were concerned, in all its integrity; but were satisfied that their duty to the stockholders they represented, required a surrender to the Vermont and Canada as a consequence of the breach

of condition. As the representatives of the Stockholders of the Vermont Central Company, who are the owners of the franchise, they saw no reason why the rights of the Stockholders, and the Second Mortgage Bondholders and other creditors, could not be as carefully protected, with the road and its property in the possession of the Vermont and Canada Company, as in that of the Trustees of the First Mortgage Bondholders. On the other hand, they saw that a refusal to surrender might be attended with disastrous consequences to the Vermont Central, and the holders of its securities.

The Vermont and Canada Company had the prior lien, by virtue of their lease, which lease had been accepted and adopted in all its provisions, at a legal meeting of the Stockholders of the Vermont Central Company, called expressly for the purpose of ratifying or rejecting it, as they might deem best. The First Mortgage Bondholders took the mortgage which secures the Bonds, and the Trustees took possession of the property, expressly subject to that prior lien; and so soon as the right of possession by the Vermont and Canada Company became perfected by a failure to pay the rent, your Directors considered it incumbent on them to recommend to the Trustees, that the property should be surrendered to those, who, on the face of the instrument under which they claimed, seemed to have a right to take it, and thereby preserve the good faith of this Corporation. The same sacred obligations, due from debtors to creditors, should be regarded between corporations as are required between individuals,

and a contract should be carried out in the same spirit and with the true intent and meaning in which it was made, without seeking a legal excuse or quibble for evading a performance of its requisitions.

If there were any legal questions growing out of the case, as, for instance, the right of the Vermont Central Company to offset to the rent any balance which might be due them by the Vermont and Canada Company, on construction account, or for any other cause; any question as to whether the lien of the Vermont and Canada covered the whole property or not; or any question affecting the validity of the lease, or of the mortgage itself, your Directors preferred to leave them all to the decision of the Court, in the contest which they supposed would arise for possession between the Vermont and Canada Company and the Trustees; and considered it their duty to treat *both* instruments as *equally* legal, and *equally* binding on the Vermont Central Company, until otherwise instructed by the Court.

Your Directors were further of opinion that this property could be far more economically managed, by a Corporation, free from debt, exercising full corporate powers, and managed by a Board of Directors annually chosen by the Stockholders, than by a Board of Trustees, permanent in its character, but limited in their powers, and of peculiar and uncertain responsibilities, and at this time, by their own statements, greatly embarrassed in their financial operations, having accumulated a large indebtedness.

It will be observed, too, that the decree of the Court under which the Vermont and Canada Company now

hold this property, is of that stringent character which gives a most perfect guaranty that it will be well managed and the receipts well accounted for, as all the disbursements and proceedings are liable to a strict scrutiny of the Chancellor, and answerable to him under the Bonds which the Vermont and Canada Company have furnished for the reasonable and proper use of the property.

It is difficult to conceive how the property could be safer for the interest of the Vermont Central Company and all concerned, than in its present position; and if permitted to remain undisturbed, by those whose interests are other than the interest of the Vermont Central, a sufficiently long time to develop the resources of the road, and its receipts be undiminished by unnecessary expenditure or adverse diversion, this road may yet be made, if not a well paying road to its original subscribers, far more profitable and greatly improved in all its relations, than its past history has indicated.

It should be also remembered that the character of the lien, which the Vermont and Canada Company has, under the lease, is different from that of a mortgage, inasmuch as the rights of the Vermont Central cannot be foreclosed, but the roads and property must be restored to the Vermont Central so soon as the Vermont and Canada shall have received sufficient from the net earnings of the roads to repay themselves for their advances for payment of the debts of the Trustees, which the Vermont and Canada have assumed to pay, and also for the payment of the back rents, or so soon as the

Vermont Central shall provide means for these payments in any other way. On the other hand, by the provisions of the first mortgage, the Bondholders have the right, under certain contingences, to sell the franchise and property covered by the mortgage, and to foreclose all the rights of the Stockholders and the Second Bondholders in this property.

The debts of the Trustees, incurred by them, which must be first paid, are represented by them as amounting to about \$250,000, and which the Vermont and Canada have assumed, having, by a decree of the Court, however, a special lien on all the equipment, valued at \$750,000, as security for the advances they may make towards the payment of these claims.

In the course which your Directors have pursued in this matter, they have supposed they were acting for the best interest of the Stockholders, who are the owners of the franchise. The Trustees of the First Bondholders, being in possession of the property, would naturally desire to retain it, and if, in the further legal proceedings which may be had in the case, they should make it appear to the Court that they are entitled to hold this property against the Vermont and Canada, the Court will undoubtedly restore it to them.

**CLAIM OF VERMONT CENTRAL AGAINST VERMONT
AND CANADA ON CONSTRUCTION ACCOUNT.**

As to the amount which the Investigating Committee, in their Report, say may be due from the Vermont and Canada Railroad to the Vermont Central Company, we would inform the Stockholders that by votes of the Directors of both Corporations, the matter in controver-

sy has been submitted to the determination of three Referees, the appointment of two of whom was conceded by the Vermont and Canada Company to the Vermont Central, the Canada appointing one.

The Referees, having the consideration and decision of this question, are, Thos. Hopkinson, President of Boston and Worcester Railroad, Chas. S. Storow, of Lawrence, and Benj. H. Smalley, Esqs., of Vermont. The agreements of reference have been drawn, and are in the hands of the Referees, and it is proposed to bring the matter to a hearing as soon as it may suit their convenience and the parties are prepared.

LAW SUITS.

Several large claims, growing out of land damages and contracts for construction, have been decided favorably to this Company.

CONSOLIDATION.

During the past year several projects for the consolidation of the different interests of this Corporation have been suggested, and your Directors are of opinion that it would be greatly for the interest of the Stockholders of this Company if some plan could be devised which will accomplish this desirable result. They are not prepared at this time to propose any particular plan, but would recommend this subject for the action of the Stockholders at their annual meeting, who can give such directions to our successors as they may deem advisable.

In behalf of the Directors,

GEORGE M. DEXTER, President.

OCTOBER 12, 1855.

REPORT OF THE TRUSTEES.

THE Earnings and Expenditures for road operations during the year ending June 30, 1855, were,

Earnings,	\$722,326 01
Expenditures,	709,826 23
	<hr/>
Balance to credit of Income,	\$12,499 78

The following statement exhibits the Earnings and Expenditures, above referred to, in detail:

Earnings and Expenses of the Vermont Central Railroad,
for the year ending June 30, 1855.

EARNINGS—

Freight,	\$476,246 44
Passengers,	220,397 41
Mail,	18,022 00
Express,	4,209 98
Rents,	3,360 18
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\$722,326 01

TRUSTEES' REPORT.

Earnings and Expenses---continued.

EARNINGS—brought forward	.	.	\$722,326 01
EXPENSES—			
<i>Passenger Department.</i>			
Conductors and Brakemen,	8,183	67	
Stationery and Blanks,	916	87	
Ticket Masters and Clerks,	1,877	50	
Baggage lost and damaged,	244	86	
Agents at Montreal, Burling-			
ton, &c.	3,344	61	
1-3 Station Agents' salaries,	4,315	01	
Miscellaneous Labor,	833	28	
Stock,	162	67	
Bills,	536	51	
	—	1,532	46
Pass'r Cars, Labor,	7,153	26	
Stock,	4,805	18	
	—	11,958	44
Oil,		706	16
Waste,		203	54
Wood,		282	60
		—	\$33,565 72
<i>Freight Department.</i>			
Conductors and Brakemen,	18,020	91	
Stationery and Blanks,	1,482	13	
M. Transportation and Clerks,	3,257	04	
New Freight Cars,	111,596	74	
Freight lost and damaged,	9,675	77	
Trav. Ag'ts, Train Masters, &c.	1,949	95	
2-3 Station Agents' Salaries,	8,816	09	
Hands at Stations,	8,762	15	
Boston Agency,	4,703	55	
Miscellaneous Labor,	732	78	
Stock,	501	05	
Bills,	1,043	65	
	—	2,277	48
Freight Cars, Labor,	17,180	62	
Stock,	18,558	15	
	—	35,738	77
Oil,		3,727	78
Waste,		369	84
		—	210,978 20
Amount carried forward		244,543 92	722,326 01

TRUSTEES' REPORT.

Earnings and Expenses---continued.

EARNINGS—brought forward	.	.	722,326 01
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EXPENSES—	"	"	244,543 92
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Locomotive Department.

Eng. & Firemen, Pass. Train,	9,966 35
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"	"	Freight "	17,753 62
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"	"	Gravel "	935 07
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Watchmen,	3,945 50
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Oil,	6,313 74
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Waste,	1,436 51
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Wood,	79,387 40
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Engines, Stock,	24,834 77
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stock, E. Allen,	4,287 81
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"	Key Stone,	3,622 20
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"	Richmond,	1,381 81
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Engines, Labor,	33,722 84
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labor, E. Allen,	2,877 02
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"	Key Stone,	1,769 45
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"	Richmond,	1,517 41
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-----	74,013 31
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193,751 50

Maintenance of Way.

Road Repairs, Regular

Pay Roll,	39,929 37
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Shop "	2,437 15
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Construc'n act,	1,272 90
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Ditching,	5,360 34
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Raising track,	1,460 82
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Putting in ties,	2,335 82
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Clearing snow,	3,589 32
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Put'g in Iron,	17,136 92
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Freight on "	9,687 49
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Welding "	11,146 96
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New "	30,113 76
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Rerolling "	23,431 34
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Paid for Ties,	14,672 13
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"	Chairs,	7,017 56
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"	Spikes,	2,498 12
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Stock,	2,254 70
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Bills,	1,520 09
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Oil,	102 87
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Wood,	2,290 49
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-----	178,258 15
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Am't carr'd for'd	178,258 15	438,295 42	722,326 01
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TRUSTEES' REPORT.

Earnings and Expenses---continued.

EARNINGS—brought forward	.	.	722,326 01
EXPENSES— “ “	438,295	42	
<i>Maintenance of Way.</i>			
Amount brought forward,	178,258	15	
Union Boat, Labor,	1,138	20	
Stock,	507	32	
Oil,	46	31	
Waste, “	15	20	
	1,707	03	
Hand Cars, Labor,	437	29	
Stock,	642	79	
	1,080	08	
Gravel Cars, Labor,	109	62	
Stock,	129	27	
Oil,	178	13	
Waste,	104	80	
	581	82	
Road Tools, Labor,	809	97	
Stock,	1,658	88	
	2,468	85	
Burnetizing Works,	29	19	
Snow Plows, Labor,	101	85	
Stock,	55	76	
	157	61	
Bridges, Labor,	6,283	05	
“ Clk's br.	896	02	
Stock,	2,190	94	
“ “	2,529	28	
	11,899	29	
Section Cars, Labor,	42	97	
Stock,	69	32	
	112	29	
Fencing, Labor,	2,159	66	
Stock,	729	53	
	2,889	19	
Draw Tenders,	576	90	
	199,760	40	
Amount carried forward,	638,055	82	722,326 01

TRUSTEES' REPORT.

Earnings and Expenses---concluded.

EARNINGS—brought forward	.	.	722,326 01
EXPENSES—	“	“	
	638,055	82	
<i>General Expenses.</i>			
General Exp. Sup't, Cash-			
ier, &c. 4,322 23			
Cattle, &c. killed, 489 47			
Telegraph bills, 1,877 56			
Legal Expense, 2,850 75			
Medical attend. 498 40			
Express, 377 94			
Saw Mill, 939 71			
Bills, 6,039 89			
Pay Roll, 799 56			
Stock, 480 74			
Waste, 288 60			
Oil, 1,539 91			
Wood, 2,304 76			
		22,809 52	
Depots, Labor, 5,003 95			
Stock, 3,324 89			
Bills, 1,267 78			
Oil & waste, 1,226 45			
		10,823 07	
Sh. Tools, Labor, 3,013 66			
Stock, 2,241 87			
		5,255 53	
Dep. Furn., Labor, 194 74			
Stock, 1,007 78			
		1,202 52	
Tenements, Labor, 488 22			
Stock, 414 25			
		902 47	
Stationery and Blanks, 441 58			
Switchmen, 3,501 93			
Tax and Insurance, 4,887 19			
Mail expense, 800 18			
Interest, 19,298 16			
Advertising, 1,848 26			
		71,770 41	
		\$709,826 23	
Balance to Cr. of Income,		12,499 78	
		\$722,326 01	\$722,326 01

CHARLES BARRETT, { Cashier for Trustees of First Mort. Bonds,
Vermont Central Railroad Co.

TRUSTEES' REPORT.

The foregoing Expenditures include the following items of renewals and additions:

New rails, 12½ miles,	\$63,232 59
Welded rails, 28 miles,	11,146 96
New cross ties,	14,672 13
New freight cars,	111,596 74
Bridge (destroyed by fire) rebuilt,	3,425 30
Locomotives (destroyed by fire and explosion) rebuilt,	15,458 70
	<hr/>
	\$219,529 42

Leaving, as chargeable to ordinary expenses for working and repairs,

\$490,296 81

TRUSTEES' REPORT.

STATISTICS OF DOINGS.

Miles run by trains :

Passenger trains,	204,531	
Freight trains,	341,508	
Gravel, wood and other trains,	28,443	
	<u>574,482</u>	

Passengers, carried, 193,522

“ “ one mile, 7,185,284

Freight, tons carried, 192,382

“ “ “ one mile, 18,136,957

Total movement, in tons and passengers, one mile, 25,322,231

Income from passengers per mile, per train, \$1,07

Income from freight, per mile, “ “ 1,40

Income from passengers and freight per mile per train, 1,26

Expenditures, (less additions and renewals) per mile
per train, ,853

Expenditures (including additions and renewals) per
mile per train, 1,235

TRUSTEES' REPORT.

Earnings and Expenditures for three years ending June 30, 1855.

The earnings and expenditures for road operations, during the three years ending June 30, 1855, which comprise the entire period of Trustee administration, were :

Earnings,	\$2,198,306 24
Expenditures,	1,699,065 86
	<hr/>
Balance to Cr. of Income account,	\$499,240 38

The following statement exhibits the earnings and expenditures, above referred to, in detail:

EARNINGS—

Freight,	1,438,530 73
Passengers,	684,962 23
Mail,	50,465 77
Express,	10,049 98
Rents,	8,333 71
Miscellaneous,	5,963 82
	<hr/>
	\$2,198,306 24

TRUSTEES' REPORT.

Earnings and Expenses---continued.

EARNINGS—brought forward	.	.	2,198,306 24
EXPENSES—			
<i>Passenger Department.</i>			
Conductors and Brakemen,	18,000	13	
Stationery and Blanks,	3,360	43	
Ticket Masters and Clerks,	9,710	13	
New Passenger Car,	2,100	00	
Baggage lost and damaged,	759	24	
Agents at Montreal, Burling-			
ton, &c.	9,714	26	
1-3 Station Agents' salaries,	12,761	62	
Miscellaneous Labor,	2,501	98	
Stock,	996	17	
Bills,	4,194	96	
	—	7,693	11
Pass'r Cars, Labor,	22,631	33	
Stock,	19,137	58	
	—	41,768	91
Oil,	2,581	50	
Waste,	797	04	
Wood,	713	30	
	—	\$109,959	67
<i>Freight Department.</i>			
Conductors and Brakemen,	58,459	84	
Stationery and Blanks,	5,089	27	
M. Transportation & Clerks,	10,720	77	
New Freight Cars,	111,596	74	
Freight lost and damaged,	24,297	31	
Trav. Ag'ts, Train Masters, &c.	4,470	26	
2-3 Station Agents' Salaries,	24,991	44	
Hands at Stations,	24,509	84	
Boston Agency,	14,648	40	
Miscellaneous labor,	3,096	41	
Stock,	1,872	73	
Bills,	1,970	89	
	—	6,940	03
Freight Cars, Labor,	50,378	24	
Stock,	59,449	70	
	—	109,827	94
Oil,	11,850	07	
Waste,	1,187	09	
	—	408,589	00
Amount carried forward	518,548	67	2,198,306 24

TRUSTEES' REPORT.

Earnings and Expenses---continued.

EARNINGS—brought forward	.	.	2,198,306	24
EXPENSES— “ “	518,548	67		
<i>Locomotive Department.</i>				
Eng. & Firemen, Pass. Tr'n, 28,917 93				
“ “ Freight “ 49,614 49				
“ “ Wood “ 5,151 85				
Watchmen, 13,396 03				
Oil, 24,399 65				
Waste, 4,040 41				
Wood, 224,670 42				
Engines, Stock, 86,713 62				
stock, Old Zack, 4,580 39				
“ Richmond, 2,949 01				
“ Michigan, 2,800 10				
“ E. Allen, 4,787 65				
“ Key Stone, 3,622 20				
labor, 99,570 95				
“ Old Zack, 4,263 36				
“ Richmond, 1,517 41				
“ Michigan, 1,277 95				
“ E. Allen, 2,877 02				
“ Key Stone, 1,769 45				
—216,729 11				
	566,919	89		
<i>Maintenance of Way.</i>				
Road Repairs, Regular				
Pay Roll, 137,260 20				
Shop “ 9,578 98				
Construc'n act, 1,272 90				
Gravel trains, 16,343 99				
Ditching, 5,360 34				
Raising track, 1,915 59				
Putt'g in ties, 19,424 61				
Stone train				
men, &c. 3,128 93				
Clearing snow, 7,840 12				
Put'g in Iron, 24,843 59				
Freight on “ 9,687 49				
Welding “ 11,146 96				
New “ 30,113 76				
Rerolling “ 32,167 79				
—310,085 25				
Am't car'd for'd 310,085 25	1,085,468	56	2,198,306	24

TRUSTEES' REPORT.

Earnings and Expenses---continued.

EARNINGS—brought forward	.	.	2,198,306	24
EXPENSES— " "	1,085,468	56		
<i>Maintenance of Way.</i>				
Amount brought forward,	310,085	25		
Paid for Ties,	45,901	67		
" Chairs,	16,452	44		
" Spikes,	5,339	55		
Stock,	12,185	02		
Bills,	5,756	64		
Oil,	686	72		
Wood,	6,456	69		
	402,863	98		
Union Boat, Labor,	3,892	55		
Stock,	1,139	34		
Oil,	238	52		
Waste,	101	73		
	5,372	14		
Burnetizing Works,	29	19		
Hand Cars, Labor,	1,342	60		
Stock,	2,132	09		
	3,474	69		
Road Tools, Labor,	2,072	95		
Stock,	5,783	13		
	7,856	08		
Gravel Cars, Labor,	635	41		
Stock,	1,169	40		
Oil,	778	93		
Waste,	305	71		
	2,889	45		
Snow Plows, Labor,	268	05		
Stock,	238	99		
	507	04		
Bridges, Labor,	15,397	06		
" Clk's br.	896	02		
Stock,	8,362	66		
" "	2,529	28		
	27,185	02		
Section Cars, Labor,	42	97		
Stock,	75	43		
	118	40		
Am't car'ed forw'd,	450,295	99	1,085,468	56
			2,198,306	24

TRUSTEES' REPORT.

Earnings and Expenses---continued.

EARNINGS---brought forward	.	.	2,198,306 24
EXPENSES--- " "	1,085,468	56	
<i>Maintenance of Way.</i>			
Amount brought forward,	450,295	99	
Fencing, Labor,	3,380	07	
Stock,	1,020	26	
	-----	5,000	33
Wharves, &c.		110	36
Draw Tenders,	1,580	52	456,987 20
<i>General Expenses.</i>			
General Exp. Sup't, Cash-			
ier, &c.	16,536	07	
Cattle, &c. kil'd,	1,885	21	
Telegraph bills,	4,715	35	
Legal Expense,	4,232	77	
Medical attend.	1,471	71	
Express,	883	10	
Saw Mill,	939	71	
Bills,	9,161	22	
Pay Roll,	2,470	10	
Stock,	2,006	08	
Waste,	1,264	98	
Oil,	5,623	42	
Wood,	6,900	42	
	-----	58,180	14
Depots, Labor,	10,772	99	
Stock,	7,251	16	
Bills,	1,594	79	
Oil & waste,	3,344	37	
	-----	22,963	31
Tenements, Labor,	1,153	37	
Stock,	1,371	12	
	-----	2,524	49
Switchmen,		10,386	28
Steamer Utica---			
Labor,	1,878	43	
Stock,	181	20	
Oil,	98	40	
Waste,	35	93	
	-----	2,193	96
Sh. Tools, Labor,	10,235	70	
Stock,	8,237	07	
	-----	18,472	77
Am't car'ed for'd,	114,720	95	1,542,455 76
			2,198,306 24

TRUSTEES' REPORT.

Earnings and Expenses--concluded.

[illegible]

CHARLES BARRETT, } Cashier for Trustees of First Mort. Bonds,
Vermont Central Railroad Co.

TRUSTEES' REPORT.

GENERAL ACCOUNT.

Dr. Vermont Central Railroad Company in Account

JUNE 30, 1855.			
To expenditures in operating, repairing and maintaining road and equipment, three years to date,			\$1,699,065 86
To Vermont Central R. R. Company, cash in payment of bond interest and Vermont and Canada rent,			473,755 00
To Vermont Central R. R. Company, cash in payment of indebtedness of said company on account of road operations, less traffic assets, on June 28, 1852, the date of the surrender of the property to the Trustees, and also, in payment of other Company debts, for which the Trustees became liable,			70,250 09
To Vermont Central R. R. Company, cash and liabilities, being payments and advances made by the Trustees in taking up the protested paper and other liabilities of the Company, claimed as Trustee liabilities under the decrees of Court dated May 17, 1855,			29,366 00
To amount awarded Kettell, Collins & Company, on contract for rails,			23,641 54
To materials on hand, June 30, 1855:			
Fuel,	74,727 36		
Oil,	297 00		
Waste,	160 00		
Shop and road stock,	28,975 57		
			104,159 93
To accounts receivable from Station Agents, connecting roads and agencies,			42,516 28
To notes and bills, receivable,			3,622 16
To Post Office Department,			5,753 54
" Suspense account,			5,582 56
" cash to Trustees on account of compensation and commissions,			31,827 53
To cash,			4,485 57
			<u>\$2,494,026 06</u>

TRUSTEES' REPORT.

GENERAL ACCOUNT.

with Trustees of First Mortgage Bondholders,

Cr.

JUNE 30, 1855.			
By earnings for three years, to date,	\$2,198,306	24	
By balance due Northern (N. H.) Rail- road Company and other connec- tions,	18,482	76	
			2,216,789 00
By personal accounts,			
John S. Eldredge, advances to V. C. R. R. Co., claimed by him as a Trustee liability un- der decree of Court, May 17, 1855,	25,000	00	
W. Raymond Lee, agent,	502	80	
Otis Kimball, agent, . . .	412	13	
			25,914 93
By Bills payable and Pay Rolls, .			115,446 84
By notes payable,			135,875 29

\$2,494,026 60

TRUSTEES' REPORT.

TRAFFIC AND MISCELLANEOUS RESOURCES.

Earnings for three years ending

June 30, 1855, \$2,198,306 24

Balances due connecting roads on

June 30, 1855, 18,482 46

\$2,216,789 00

Cash receipts for three years ending

June 30, 1855, \$2,159,314 46

Receivables on June 30, 1855, 57,474 54

\$2,216,789 00

LIST OF RECEIVABLES.

Station Agents, Freight bills, \$10,256 68

“ “ Ticket sales, 443 08

Connecting roads, Balances, 31,191 37

Foreign Agencies, Ticket sales, 625 15

Bills and notes receivable, 3,622 16

Post Office Department, 5,753 54

Suspense Account, 5,582 56

Total Receivables, \$57,474 54

TRUSTEES' REPORT.

The foregoing "General Account" represents the condition of the Trust, as far as the liabilities of the Trustees were determined, on June 30, 1855.

Exclusive of accrued bond interest and rent, not paid, it appears that the Trustees have incurred in

Liabilities,	\$295,719 82
The assets, consisting in working materials on hand, receivables and cash, are in amount,	160,537 48
Excess of liabilities,	<u>\$135,182 34</u>

The account here presented is, of course, subject to such corrections as the future adjustment of pending claims against the Trustees may require. In conducting the operations of 167 miles of railroad, having numerous connections, requiring large engagements of a great variety of character, and exposed to claims upon the most frivolous grounds, it is not within a reasonable expectation, that all claims under examination and pending judicial decision, could be at once adjusted. Such claims do exist against the Trustees, and in consequence, they feel justified in presenting their account with the above reservations.

It will be recollected, that in their last report, the Trustees expressed the apprehension, that the condition of the property would render it necessary, for a limited period of time, to appropriate the entire resources from earnings, to its restoration. This apprehension proved to be well founded, and accordingly, it was determined, as a prudent and necessary measure, to apply all surplus funds, over and above

TRUSTEES' REPORT.

the requisitions for ordinary expenses of management, to the renewal of track and equipment. The beneficial effect of this policy is manifest. The deteriorated rails, to the extent of $40\frac{1}{2}$ miles of track, have been replaced, and the character of the railway has been radically improved. A large number of new cross ties have, also, been laid down, and one hundred and fifty new freight cars have been added to the equipment. The residue of the locomotives, nearly destroyed by fire in May, 1852, have been rebuilt. The present general condition of the property, compared with that of September, the date of the last report, is far better.

The appropriation of all the earnings to working and maintaining the property, involved, as a consequence, the suspension of rent and coupon payments. The semi-annual rent due the Vermont and Canada Company, under the lease of their road, by the Vermont Central Company, fell due on December 1, 1854, the non-payment of which made a breach of condition in the lease; wherefor, the former company made a formal demand of the Trustees for possession of the property. This claim for possession was founded upon a provision in the lease, that a failure on the part of the Vermont Central Company to pay, punctually, the agreed rent, should entitle the Vermont and Canada Company to possession, and that the Trustees held possession subject to their rights. The Vermont Central Company supported the demand of the Vermont and Canada

TRUSTEES' REPORT.

Company, in a written communication, addressed to the Trustees, asking compliance with it. The Trustees, under the advice of counsel, declined to accede to the demand of the Vermont and Canada Company, and notified all parties that they should resist any attempt to dispossess them.

In May last, the Directors of the Vermont and Canada Company instituted proceedings against the Trustees, by a Bill in Equity, to recover possession of their own road, that of the Vermont Central Company, and all the personal property held by them. The case was heard before the Chancellor, at chambers, on the 17th of May, resulting in a temporary order and decree, giving to the Vermont and Canada Company possession for the time being, upon certain conditions recited in the decree. On July 2d last, that company entered upon the property, which is now in their possession. The case was regularly entered at the last June term of the Court, and is now pending. Subsequently to the decree of May 17th, the Court passed an order, directing the complainants to make a sufficient number of bond holders parties to the Bill, with a view to the proper representation of the bond interest, in further proceedings in the case.

W. RAYMOND LEE,

JOHN S. ELDRIDGE,

*Trustees of First Mort. Bondholders,
Vermont Central R. R. Co.*